

PPI Claim

(Payment Protection Insurance)

Brief description of the industry

Payment Protection Insurance Companies were designed to cover repayments in certain circumstances where the borrower is unable to meet the repayment criteria. Circumstances such as unemployment due to sickness, accident, disability or death.

PPI Claim Companies can operate in 2 ways:

1. Upfront Fee – this model includes a one-off fee once the individual registers for the service.
2. Backend Fee – this model includes registration with the PPI Company and the fee is applicable when there is a claim.

Conditions applicable

- MCC 8999.
- Companies must be licensed (example UK Companies licensed by FCA):
<https://register.fca.org.uk/s/>
- Information Commissioners Office Register:
<https://ico.org.uk/about-the-ico/what-we-do/register-of-fee-payers/>
- Upfront Fee models are not acceptable and prohibited.
- Processing history for the last 3 months (minimum period).

Geographic Restrictions / BIN Blocks applicable

- None

Risk Mitigation

In such business models, merchants normally ask for Gross Settlement. When this is the case, Fixed Collateral is mandatory and based on estimated volume.

